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No. 91-1117

IN THE

Supreme Court of the United States

OCTOBER TERM, 1991

SOUTHWESTERN BELL TELEPHONE COMPANY,
Petitioner,

vs.

RALPH LANGSTON and EVERGREEN EQUIPMENT, INC.,
Respondents.

Petition for a Writ of Certiorari to the
United States Court of Appeals for the Federal Circuit

RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

* WILLIAM I. RUTHERFORD
STEVEN H. SCHWARTZ
BROWN & JAMES, P.C.
705 Olive Street, Suite 1100
St. Louis, Missouri 63101
(314) 421-3400

Counsel for Respondents Ralph Langston and Evergreen Equipment, Inc.

* *Counsel of Record*

St. Louis Law Printing, Inc. 13307 Manchester Rd. St. Louis, MO 63131 314-231-4477

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STATEMENT OF THE CASE

In its statement of the case, Petitioner, Southwestern Bell Telephone Company ("Southwestern Bell"), has erroneously asserted that the only issue before the Federal Circuit was the jury instruction concerning obviousness — Instruction No. 19. Petition at 5. However, Respondents raised several trial errors on appeal concerning other jury instructions and evidentiary rulings. The Federal Circuit held that the jury instructions, including Instruction No. 19, *read as a whole,* were incorrect and "substantially prejudicial to Langston." Petitioner's Appendix

("Pet. App.") at A-6. The Federal Circuit did not reach the other trial errors raised by Respondents.

Southwestern Bell failed to mention that the Federal Circuit held that Instruction No. 19 was erroneous because it did not instruct the jury that obviousness cannot be established by combining prior art references, absent some teaching or suggestion in the art to support the combination. Pet. App. at A-5.

In addition to Instruction No. 19, the Federal Circuit addressed Instruction Nos. 9 and 18. Instruction Nos. 9 and 18 are reprinted in Respondents' Appendix A and B, respectively. The Federal Circuit held that Instruction No. 9 was prejudicially erroneous because it misstated the burden of proving patent invalidity. Pet. App. at A-5, 6. The Court found that Instruction No. 18 was prejudicially erroneous because it instructed on the defense of novelty which was not in the case and it misstated the law of novelty.

Contrary to Southwestern Bell's assertions (Petition at 5-6), the Federal Circuit did not hold that the jury should have been instructed to determine the issue of obviousness based solely on secondary considerations. The Court merely held that it was error to instruct the jury that secondary considerations are less important than the other factual inquiries in the obviousness determination. Pet. App. at A-4.

In its statement of the case, Southwestern Bell has selectively recited and misstated the objective evidence of nonobviousness presented at trial. As the Federal Circuit held, Respondents, Ralph Langston ("Langston") and Evergreen Equipment, Inc. ("Evergreen"),[1] presented a "significant body of evidence of secondary considerations" to the jury which was strong evidence of nonobviousness. Pet. App. at A-4.

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[1] Pursuant to Supreme Court Rule 29.1, Evergreen states that it has no parent companies or subsidiaries.

Langston's inventions relate to a method and apparatus for installing long runs of fiber optic cable in underground conduit, through the use of capstan winches placed at intermediate locations along the conduit. During the 1980's, the use of fiber optic cable was growing rapidly throughout the United States and it was being placed in underground conduit on a regular basis by telephone companies and others in the communications industry.

Conventional copper wire cable is installed in underground conduit by passing rope or tape through the conduit and pulling the cable using tension forces of several thousand pounds. Fiber optic cable is much more efficient and economical than conventional wire cable, but it is much more difficult to install in underground conduit. It lacks the tensional strength of wire cable and it will fracture at a much lower pulling tension. Fiber optic cable manufacturers typically specify a maximum pulling tension in the magnitude of 600 pounds. Fiber optic cable is also relatively inflexible. It consists of fine glass fibers bundled in a spiral fashion around a stiff steel support wire within a hard plastic protective sheath. Bending the cable beyond a limited range can damage or break the fibers within. Splicing the fibers effectively is extraordinarily costly and greatly reduces signal strength.

Langston's method and apparatus is safer and more economical than any method or apparatus that came before it. Langston's inventions permit the installation of cable several miles long under circumstances in which: (1) the cable is never pulled at any point greater than a preset maximum pulling force on each winch because the winch will stop pulling when the maximum pulling force is reached; (2) the cable is never bent beyond the minimum bending radius; and (3) the winches automatically coordinate with each other, eliminating the need for humans to handle the cable as it comes off each winch.

At trial, Southwestern Bell admitted that no single prior art reference anticipated Langston's inventions. It was undisputed that no prior art device or method allowed for the cable to be pulled with several hundred pounds of force without the need for humans to handle the cable at each intermediate assist location.

At trial, Respondents presented substantial evidence — which was virtually unrebutted by Southwestern Bell — with respect to the objective (secondary) considerations of nonobviousness that have been recognized by this Court and by the Federal Circuit — *i.e.*, commercial success, copying, long-felt but unresolved need, failures of others and praise by others in the industry.

The evidence showed that for approximately two years before Langston's inventions, people in the telephone industry had been looking for a method for pulling long runs of fiber optic cable without the need for humans to handle the cable. In 1984 — several months after the date of Langston's invention — Southwestern Bell worked with its equipment supplier, A.B. Chance Company ("A.B. Chance"), to develop an intermediate assist puller that would eliminate the need for humans to handle the cable. A.B. Chance unsuccessfully worked on this project from February, 1984 through August, 1984. It was not until A. B. Chance saw the Langston device being used with the now patented method that A.B. Chance was able to build a successful prototype. The A.B. Chance assist puller was identical to the Langston device and method. A.B. Chance began marketing this device and method which was adopted by Southwestern Bell and touted to the other regional Bell operating companies as a method that Southwestern Bell claimed to have perfected.[2]

Southwestern Bell relied on a combination of elements from two prior art devices to argue that the Langston patents were

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[2] Southwestern Bell is one of the five regional Bell operating companies created in the breakup of AT&T, effective on January 1, 1984.

obvious. The first was a device designed by the Siemens Company in Germany. The undisputed evidence showed that this device was a commercial failure. It was unable to pull cable with more than 110 pounds of force. Siemens built only a few of these machines and was unsuccessful in selling them in the United States.

The other alleged prior art method was devised by the New England Telephone Company. This method required a workman at each intermediate assist location to handle the cable as it came out of the manhole, went around a powered wheel attached to a truck and was manually guided back into the manhole. After this lawsuit was filed, some of Southwestern Bell's crews reluctantly began using a method similar to the New England Telephone method so as to avoid infringement of the Langston patents.

SUMMARY OF ARGUMENT

The Petition for a Writ of Certiorari should be denied because the issues concerning the obviousness instruction (Instruction No. 19) raised in the petition are not determinative of this case. The Federal Circuit held that Instruction No. 19 was prejudicially erroneous for reasons not discussed by Southwestern Bell and the Federal Circuit held that two other jury instructions (Instruction Nos. 9 and 18) were prejudicially erroneous requiring a new trial. Additionally, there are other trial errors which were not reached by the Federal Circuit which would have to be considered by this Court if Certiorari were granted.

Moreover, the Federal Circuit's holding in this case is completely consistent with this Court's precedent and with the precedent of the Federal Circuit and its predecessor court. Contrary to Southwestern Bell's assertions, the Federal Circuit did not hold that the jury should have been instructed to decide the obviousness issue based solely on secondary considerations.

The Federal Circuit merely held that the jury must be correctly instructed that secondary considerations should not be given short shrift and should be considered along with all other evidence concerning obviousness.

The Federal Circuit also correctly held that jury instruction No. 19 was erroneous because of the language concerning "the workmanship of a good mechanic, engineer or chemist."

ARGUMENT

I. The Petition For A Writ Of Certiorari Should Be Denied Because The Issues Concerning The Obviousness Instruction (Instruction No. 19) Raised In The Petition Are Not Determinative Of This Case In That The Federal Circuit Held That Instruction No. 19 Was Also Erroneous Because It Failed To Instruct The Jury That Obviousness Cannot Be Established By Combining Prior Art References Without Some Teaching Or Suggestion To Support The Combination, And The Federal Circuit held That Two Other Jury Instructions Were Also Prejudicially Erroneous; And There Are Other Trial Errors Which Were Not Reached By The Federal Circuit Which Would Have To Be Considered By This Court If Certiorari Were Granted.

The Federal Circuit's decision was based on the jury instructions read as a whole, not only on the obviousness instruction (Instruction No. 19) addressed by Southwestern Bell. Southwestern Bell has not even discussed the Federal Circuit's correct holding that Instruction No. 19 was prejudicially erroneous because it failed to instruct the jury that obviousness cannot be established by combining elements from prior art references, absent some teaching or suggestion in the art to support the combination. Pet. App. at A-5. This has long been the law as stated by the Federal Circuit. *See, e.g., Uniroyal, Inc. v. Rudkin-Wiley Corp.*, 837 F.2d 1044, 1051, *cert. denied*, 488 U.S. 825 (1988).

Southwestern Bell also has not discussed the Federal Circuit's holding that Instruction Nos. 9 and 18 were prejudicially erroneous, requiring a new trial. The Federal Circuit correctly held that Instruction No. 9 was prejudicially erroneous because it misstated the burden of proving patent invalidity and it spoke of each claim constituting an "advance." Pet. App. at A-5. The Court

held that Instruction No. 18 was also prejudicially erroneous because it instructed on the defense of novelty which had been abandoned by Southwestern Bell and it erroneously stated that novelty depends on the results achieved by the invention rather than whether there is identity between the invention and a single prior art reference. Pet. App. at A-5, 6.

Even if this Court were to grant the Petition for a Writ of Certiorari on the grounds raised by Southwestern Bell, this case would still have to be remanded for a new trial because of the other trial errors found by the Federal Circuit which were not addressed by Southwestern Bell.

Moreover, Respondents raised several other trial errors on appeal which the Federal Circuit did not reach, but would have to be considered by this Court if Certiorari were granted. For example, despite the fact that the District Court had previously dismissed Southwestern Bell's equitable defense that Langston had committed a fraud before the patent office, the District Court erroneously allowed Southwestern Bell to present evidence concerning this issue and argue this issue to the jury. The District Court erroneously excluded from evidence testimony and documents showing lavish praise of the invention including a trade magazine article written by a Southwestern Bell employee. Additionally, despite the substantial evidence of copying and praise of the invention, the District Court refused to instruct the jury that evidence of copying and praise must be considered as objective evidence of nonobviousness.

II. The Petition For A Writ Of Certiorari Should Be Denied Because The Federal Circuit's Opinion Concerning Instruction No. 19 On Obviousness Is Consistent With The Opinions Of This Court, And With Prior Opinions Of The Federal Circuit And Its Predecessor Court.

As stated above, contrary to Southwestern Bell's assertions, the Federal Circuit did not hold that the jury should have been instructed to decide the obviousness issue based solely on secondary considerations. The Federal Circuit merely held that the jury must be correctly instructed that secondary considerations should not be given short shrift and should be considered along with all other evidence concerning obviousness. Pet. App. at A-4.

As early as *Smith v. Goodyear Dental Vulcanite*, 93 U.S. 486, 494-96 (1877), this Court recognized the importance of secondary considerations such as a long-felt but unsatisfied need for a solution to a problem, and the contemporaneous professional recognition of an invention's value. This Court reaffirmed the importance of secondary considerations in *Graham v. John Deere Co.*, 383 U.S. 1 (1966), where it stated:

> These legal inferences or subtests do focus attention on economic and motivational rather than technical issues and are, therefore, more susceptible of judicial treatment than are the highly technical facts often present in patent litigation. See Judge Learned Hand in *Reiner v. I. Leon Co.*, 285 F.2d 501, 504 (2d Cir. 1960). See also Note, Subtests of "Nonobviousness": A Nontechnical Approach to Patent Validity, 112 U.Pa.L.Rev. 1169 (1964). Such inquiries may lend a helping hand to the judiciary which, as Mr. Justice Frankfurter observed, is most ill-fitted to discharge the technological duties cast upon it by legislation. *Marconi Wireless Telegraph Company of America v. United States*,

> 320 U.S. 1, 60, 63 S. Ct. 1393, 87 L.Ed. 1731 (1943). They may also serve to "guard against slipping into use of hindsight," *Monroe Auto Equipment Co. v. Heckethorn Mfg. & Supply Co.*, 332 F.2d 406, 412 (1964), and to resist the temptation to read into the prior art the teaching of the invention in issue.

Graham, 383 U.S. at 35-36.

In *United States v. Adams*, 383 U.S. 39 (1966) — a case decided on the same day as *Graham v. John Deere* — this Court relied primarily on the objective evidence of nonobviousness in finding that the Adams invention was not obvious. This Court stated:

> We have seen that at the time Adams perfected his invention noted experts expressed disbelief in it. Several of the same experts subsequently recognized the significance of the Adams invention, some even patenting improvements on the same system.

Adams, 383 U.S. at 52.

Southwestern Bell erroneously asserts that the Federal Circuit has created some new test which puts an undue burden on practitioners and patent examiners to assess "sales data for the new invention, industries' 'feelings' about the need for the new invention, expressions of 'skepticism' about the feasibility of the new invention and whether others have allegedly copied all or part of the new invention." Petition at 7-8.[3] However, this is, and always has been, part of the test for determining obviousness.

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[3] Southwestern Bell is mistaken in its assertion that the Federal Circuit's opinion will affect every patent application and patent validity suit. Petition at 7-8. Pursuant to Federal Circuit Rule 47.8, the Federal Circuit's unpublished decision — correct as it is— is not citable as precedent. *See* Pet. App. at A-1.

To determine whether the patents were obvious, the jury had to determine whether the differences between the subject matter of the patents "and the prior art are such that the subject matter as a whole would have been obvious *at the time the invention was made* to a person having ordinary skill in the art to which said subject matter pertains." 35 U.S.C. § 103 (emphasis added). It is far too easy for a lay jury to review prior art references, compare them with the patent at issue, and assume erroneously that since the prior art and the patent are similar, the differences would have been obviousness to one of ordinary skill in the art at the time of the invention. Many inventions, however, while appearing obvious several years after they are made and have been put into everyday use, were not obvious to those working in the art at the time of the invention. It is inappropriate to find obviousness based on a hindsight reconstruction of the invention. *Graham*, 383 U.S. at 36; *Gillette Co. v. S.C. Johnson, Inc.*, 919 F.2d 720, 726 (Fed. Cir. 1990) (Rich, J.).

Southwestern Bell's primary evidence of obviousness was the testimony of its expert, a patent lawyer with no skill or experience in the relevant art. The only objective evidence the jury could look at to determine what one of ordinary skill in the art would have thought to be obvious at the time of the invention was evidence of what those in the art thought, said and did with respect to this invention and with respect to prior attempts to solve the same problem. Considering these historical facts — as opposed to the present views of an "expert" — is the only way the jury could "guard against slipping into use of hindsight." *Graham*, 383 U.S. at 36.

The evidence in this case showed that others in the industry, including Southwestern Bell's supplier, A.B. Chance, had unsuccessfully attempted to solve the problem of pulling long runs of fiber optic cable in underground conduit. Once Langston's inventions were disclosed to the public, they were immediately copied and praised by others in the industry, including Southwestern Bell itself.

After hearing this evidence, the jury was told in Instruction No. 19 that they "must" consider objective evidence, but this evidence was not determinative apart from the other three *Graham* inquiries. Pet. App. at A-11. As the Federal Circuit correctly held, this instruction improperly gave objective evidence short shrift and made it less important than the other factual inquiries. Pet. App. at A-3, 4.

The Federal Circuit's decision in this case was completely consistent with its previous opinions and those of its predecessor court — the Court of Customs and Patent Appeals — which have held, on numerous occasions, that objective evidence of nonobviousness, when present, must always be considered equally with the other elements of the *Graham* test. The Federal Circuit has often referred to the test for determining obviousness as a four-part test. *See, e.g., Gillette Co.*, 919 F.2d at 725; *Custom Accessories, Inc. v. Jeffrey-Allan Industries, Inc.*, 807 F.2d 955, 963 (Fed. Cir. 1986); *Ashland Oil, Inc. v. Delta Resins & Refractories, Inc., 776 F.2d 281, 305-06 (Fed. Cir. 1985), cert. denied*, 475 U.S. 1817 (1986); *Fromson v. Advance Offset Plate, Inc.*, 755 F.2d 1549, 1556-57 (Fed. Cir. 1985); *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1538-39 (Fed. Cir. 1983); *Stevenson v. International Trade Commission*, 612 F.2d 546, 553-54 (CCPA 1979); *In re: Mageli*, 470 F.2d 1380, 1382-83 (CCPA 1973); *see also* 2 Chisum, *Patents*, Section 5.05 (1984), and cases cited therein. "The objective evidence of secondary considerations may in any given case be entitled to more or less weight, depending upon its nature and its relationship to the merits of the invention." *Ashland Oil, Inc.* , 776 F.2d at 306; *Mageli*, 470 F.2d at 1383.

Relying upon *Anderson's-Black Rock v. Pavement Salvage Co.*, 396 U.S. 57 (1969) and *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273 (1976), Southwestern Bell argues that secondary considerations are less important than, and should not be given as much consideration as, the other elements of the *Graham* test. Petition

at 9. These cases merely hold, however, that secondary considerations do not necessarily prove nonobviousness.

The Federal Circuit and its predecessor court have previously addressed the very argument made by Southwestern Bell and rejected it. For example, in *Stevenson, supra*, after considering this Court's opinion in *Sakraida*, the Court of Customs and Patent Appeals rejected the infringer's argument that secondary considerations can only tip the scales in favor of patentability in close cases. *Stevenson*, 612 F.2d at 553. The Court held:

> The inference of obviousness drawn from prior art disclosures is only prima facie justification for drawing the ultimate legal conclusion that the claimed invention is obvious under 35 U.S.C. § 103. Therefore, it is necessary that such secondary considerations also be evaluated in determining the final validity of that legal conclusion.

Id.; *see also Mageli*, 470 F.2d at 1382-83.

Similarly, in *Fromson*, the Federal Circuit held that the trial court erred by reaching a determination of obviousness without first considering the objective evidence of nonobviousness. 725 F.2d at 1556-57. The Federal Circuit went on to hold:

> Requiring consideration of all evidence probative of a question is not the same as requiring that particular evidence must be controlling. Nor is such a requirement inconsistent with language appearing in *Anderson's-Black Rock, supra*. Objective evidence ("secondary considerations"), such as commercial success due to the merits of the invention, must when present be considered as part of the obviousness equation.

Id. at 1557.

In the present case, the Federal Circuit merely cited its prior opinions and held that it was error to instruct the jury that secondary considerations are less important than the other factual inquiries of *Graham v. John Deere*. This is anything but a change in the law. It is completely consistent with the opinions of this Court and with the patent law as it has existed in this country for over 25 years.

III. The Federal Circuit Correctly Held That Instruction No. 19 Was Erroneous Because Of The Language Concerning "The Workmanship Of A Good Mechanic, Engineer or Chemist."

Southwestern Bell argues that the Court of Appeals erred by criticizing the sentence in Instruction No. 19 which stated "the workmanship as a good mechanic, engineer or a chemist skilled in the pertinent art is not invention." Petition at 14-15. As the Federal Circuit explained, this instruction erroneously suggested that invalidity can be shown if the work of a mechanic or engineer of ordinary skill in the art is involved in making the invention. Pet. App. at A-5. Indeed, this phrase in Instruction No. 19 is a *non sequitur*. The workmanship of a good mechanic or engineer may well be patentable, if it meets the requirements of patentability. Indeed, all inventions, by definition, are derived from the workmanship of someone skilled in the pertinent art. The Federal Circuit's holding on this issue was correct.

CONCLUSION

For the foregoing reasons, Respondents Evergreen and Langston respectfully request this Court to deny Southwestern Bell's Petition for a Writ of Certiorari.

Respectfully submitted,

* William I. Rutherford
Steven H. Schwartz
BROWN & JAMES, P.C.
705 Olive Street, Suite 1100
St. Louis, Missouri 63101
(314) 421-3400

Counsel for Respondents
Ralph Langston and Evergreen
Equipment, Inc.

* Counsel of Record

February 5, 1992

APPENDIX

APPENDIX A

INSTRUCTION NO. 9

The granting of a patent by the United States Patent Office carries with it the presumption that the patent is valid. That is to say, it is presumed that each new claim is new and useful and constitutes an advance which was not, at the time the invention was made, obvious to one of ordinary skill in the art to which the invention relates. The law presumes, in the absence of clear and convincing evidence to the contrary, that the Patent Office acted correctly in issuing the patent.

This presumption of validity puts the burden of proving invalidity on the defendant.

APPENDIX B

INSTRUCTION NO. 18

The three basic elements requisite to a patent are:

First: Novelty — the invention should disclose something "new:"

> In order to be "new," as that word is used in the patent laws, the achievement must be either one that produces an unusual or improved or advanced result, which was unknown to the same prior art at the time of the claimed invention; or the achievement must be one that produces an old result in an unusual or substantially more efficient or more economical way.

If a single prior art reference discloses each and every element of the claim, there is no novelty.

Second: Utility — the invention should be useful:

> In order to be "useful", as that word is used in the patent laws, the achievement must have practical application or utility in the same art — that is to say that the achievement will operate or function in the manner claimed and produce a useful result calculated by the invention.

Third: Nonobviousness - the subject matter of the invention must not be "obvious" to a person having ordinary skill in the pertinent art at the time the invention was made.

Thus, novelty, utility and nonobviousness which add or contribute to the sum of useful knowledge are inherent requisites in a patent in order for it to promote progress of the useful arts.